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October 5, 2001

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Mr. K. David Waddell
Executive Secretary
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-0505

RE: Response of Dynegy Inc. To the Withdrawal of
Petition of Chattanooga Gas Company
Chattanooga Gas Company- Docket No. 01-00761

Dear Mr. Waddell:

Enclosed for filing please find the original and thirteen copies of the Response of Dynegy Inc. To the Withdrawal of Petition of Chattanooga Gas Company, along with a filing fee check in the amount of \$25.00. Please provide me with a file stamped copy in the enclosed self addressed stamped envelope.

Very truly yours,

WATSON, SPENCE, LOWE AND CHAMBLESS, LLP



Robert J. Middleton, Jr.

RJMjr/afb

Enclosures

cc: All parties via E-mail and U.S. mail

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BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE

IN RE:	:	
	:	
PETITION OF CHATTANOOGA GAS	:	DOCKET NO. 01-00761
COMPANY FOR APPROVAL OF TARIFF	:	
ESTABLISHING EXPERIMENTAL FIXED	:	
RATE PGA RIDER	:	
_____	:	

**RESPONSE OF DYNEGY INC. TO THE WITHDRAWAL OF PETITION OF
CHATTANOOGA GAS COMPANY**

Dynegy Inc. (Dynegy) respectfully submits this brief Response to the Withdrawal of Petition filed in the captioned docket by Chattanooga Gas Company ("Chattanooga Gas").

1.

Dynegy appreciates the granting of its Petition to Intervene by the Tennessee Regulatory Authority ("TRA") and the cooperation of the TRA staff and the Consumer Advocate and Protection Division of the Office of the Attorney General ("CAD").

2.

Dynegy feels compelled to respond to false statements made by Chattanooga Gas in its Withdrawal of Petition, which have now been made twice before the TRA, in order to set the record straight.

3.

Chattanooga Gas' withdrawal states that Dynegy's "last minute" intervention does not relate to the merits of this docket. Chattanooga Gas' Petition for Approval of the Experimental Tariff was not filed until August 31, 2001. Given the Labor Day holiday weekend and the September 11 terrorist attacks, Dynegy did not immediately become aware of Chattanooga Gas' filing. When Dynegy did become aware of the filing and the statements made by Chattanooga

Gas that it did not know “of any suppliers who would be either willing or capable of managing the complete usage risk needs for the distribution company’s residential and commercial customers,”¹ Dynegy analyzed the filing. Dynegy then contacted the CAD, and proceeded with filing a timely intervention, which was filed only seven days after the CAD’s Petition to Intervene. If anyone made a “last minute” filing, it was Chattanooga Gas, because Chattanooga Gas filed its Petition shortly before the winter heating season, with a request for expedited treatment, leaving the TRA with very little time to review a major filing that presented fairly complex issues.

4.

The position Dynegy has taken in its Petition to Intervene does in fact clearly relate to Chattanooga Gas’ PGA filing. Dynegy’s position is consistent with Dynegy’s involvement in other state and federal regulatory proceedings where Dynegy has encouraged fair and open competitive markets, and in some cases pointed out either actual or potential sources of affiliate relationship abuses. As noted correctly in Chattanooga Gas’ Response to Dynegy’s Petition to Intervene, the civil lawsuit that involves Dynegy and an affiliate of Chattanooga Gas is, by Chattanooga Gas’ own statement, “unrelated” to the proceeding before the TRA. Dynegy flatly disputes Chattanooga Gas’ baseless assertion that Dynegy’s motives in its intervention are “a continuing pattern of harassment and retaliation for the lawsuit.” Further, and contrary to Chattanooga Gas’ implication, nowhere has Dynegy indicated a desire to resolve any issues in the civil litigation in this proceeding before the TRA. The fact that an affiliate of Chattanooga Gas chose to file an unrelated lawsuit against Dynegy, which Dynegy has chosen to aggressively

¹Prefiled testimony of Larry Buie on behalf of Chattanooga Gas Company, page 4.

defend in court, is simply irrelevant to the proceeding before the TRA. Chattanooga Gas' statements are a blatant attempt to deflect the TRA's attention from the real issues that should be considered with a proposal such as the one filed by Chattanooga, which, for the record, was flatly opposed by the Tennessee Attorney General (CAD's Petition to Intervene, paragraph 6) and seriously questioned by the staff of the TRA.

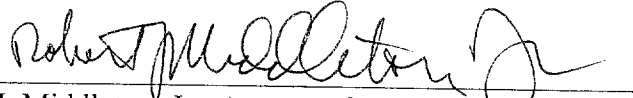
Again, Dynegy appreciates the TRA's willingness to grant Dynegy's intervention and allow it the opportunity to participate in this proceeding. Dynegy looks forward to appearing before the TRA in matters that affect fair and open competition in the natural gas market.

This 5th day of October, 2001.

Respectfully submitted,

WATSON, SPENCE, LOWE AND CHAMBLESS, LLP

By:



Robert J. Middleton, Jr., Attorney for Dynegy Inc.

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BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE

IN RE:

PETITION OF CHATTANOOGA GAS :
COMPANY FOR APPROVAL OF TARIFF : DOCKET NO. 01-00761
ESTABLISHING EXPERIMENTAL FIXED :
RATE PGA RIDER :

CERTIFICATE OF SERVICE

I certify that I have this 5th day of October, 2001 served the **RESPONSE OF DYNEGY, INC. TO THE WITHDRAWAL OF PETITION OF CHATTANOOGA GAS COMPANY** by pre-paid first class U.S. mail and by E-mail to all parties of record at their addresses shown below:

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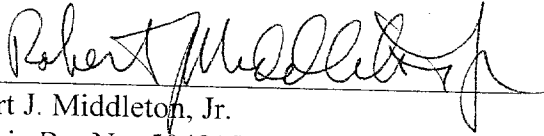
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